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## THE INTERNAL CONTROL SYSTEM AND OTHER CONTROLS IN ACCOUNTING INFORMATION SYSTEM

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*Abstract. Each company has a system of accounting. Its proper functioning is both a formal legal requirement and a prerequisite for effective economic activity. However, answer questions about correctly functioning accounting system, it is often difficult without a corresponding internal controls.*

*Existing general control procedures relating to information systems can not always be used in the information system of accounting. This article is the proposal of separation of control procedures in the information system of accounting to the general control and application control.*

**Key words:** *internal control, application control, information system of accounting.*

The article is devoted to the Internal Control System (ICS) in Accounting Information System (AIS). An accounting system is one of the first areas of corporate activities which made use of computers for data processing. Originally, stationary computers were used to replace manual operations with computer-aided programmes. Over the recent years stationary computers have been replaced by computer networks which make use of complex modular software constituting the so called Accounting Information System.

The Internal Control System – according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) – is broadly defined as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

ICS consists of five interrelated and complementary components:

1. Control Environment – sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.

2. Risk Assessment – the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed.

3. Information and Communication – systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

4. Control Activities – the policies and procedures that help ensure management directives are carried out.

5. Monitoring – processes used to assess the quality of internal control performance over time.

This article consists a brief description these components. Then authors note that the traditional internal control system should be supplemented by controls specific to the computer systems. Therefore authors propose to supplement the internal controls by other types of controls:

1. General controls – conducted out for the entire IT environment, including the accounting system.

2. Application controls – conducted for the software used in the system.

These two types of control would extend the supervision of the accounting system using a computer.

Then the article presents description of general and application controls and the relationship between them and elements of the Internal Control System (eg. internal control environment, internal control activities, risk assessment, information and communication, monitoring and correcting errors).

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